

Oregon's State Ranking as 49th in Federal Contracts Per Capita Has Nearly a \$3.5 Billion Negative Impact On the Oregon Economy, And Oregon Businesses Have 50,000 Fewer Jobs

1. Oregon Ranks 49th in State Per Capita Federal Contracting –2/3rd Below The U.S. Average
The U.S. rate of federal contracting per capita is \$940, for Oregon it's \$282. That means that Oregon's rate is \$658 lower for every Oregonian, or 2/3rds *below* the U.S. rate.¹

2. Oregon's Low Rate of Federal Contracting Makes a Big Difference in Oregon's Economy.

- **The Gap between Oregon and U.S. Per Capita Federal Contracting Means an Annual loss of \$2.3 Billion to Oregon Businesses.**
Because Oregon businesses receive federal contracts at a rate that is 2/3rd below the national per capita rate, they lose out on \$2.3 Billion in annual federal contracts. (\$658 per person x Oregon's population=\$2.3 Billion).
- **The Annual Total Economic Impact Resulting from Oregon Not Matching the Overall U.S. Rate of Federal Contracting is Even More Severe—Nearly A \$3.5 Billion Adverse Economic Impact in Oregon Each Year.**
Applying a conservative income multiplier of 1.5 ² to the \$2.3 billion in increased contracting that would result from merely matching the U.S. per capita federal contracting rate produces an estimate that the negative economic impact for Oregon is **\$3.1 Billion annually**. (See graph on page 2).
- **Oregon Businesses Have 50,000 Fewer Jobs**
Oregon businesses are projected to have 50,000 more jobs if the Oregon per capita federal contracting rate was at the same rate as the U.S. per capita rate. Note these jobs may not all be in Oregon but would be jobs created by Oregon businesses ³. (See page 3 for table)

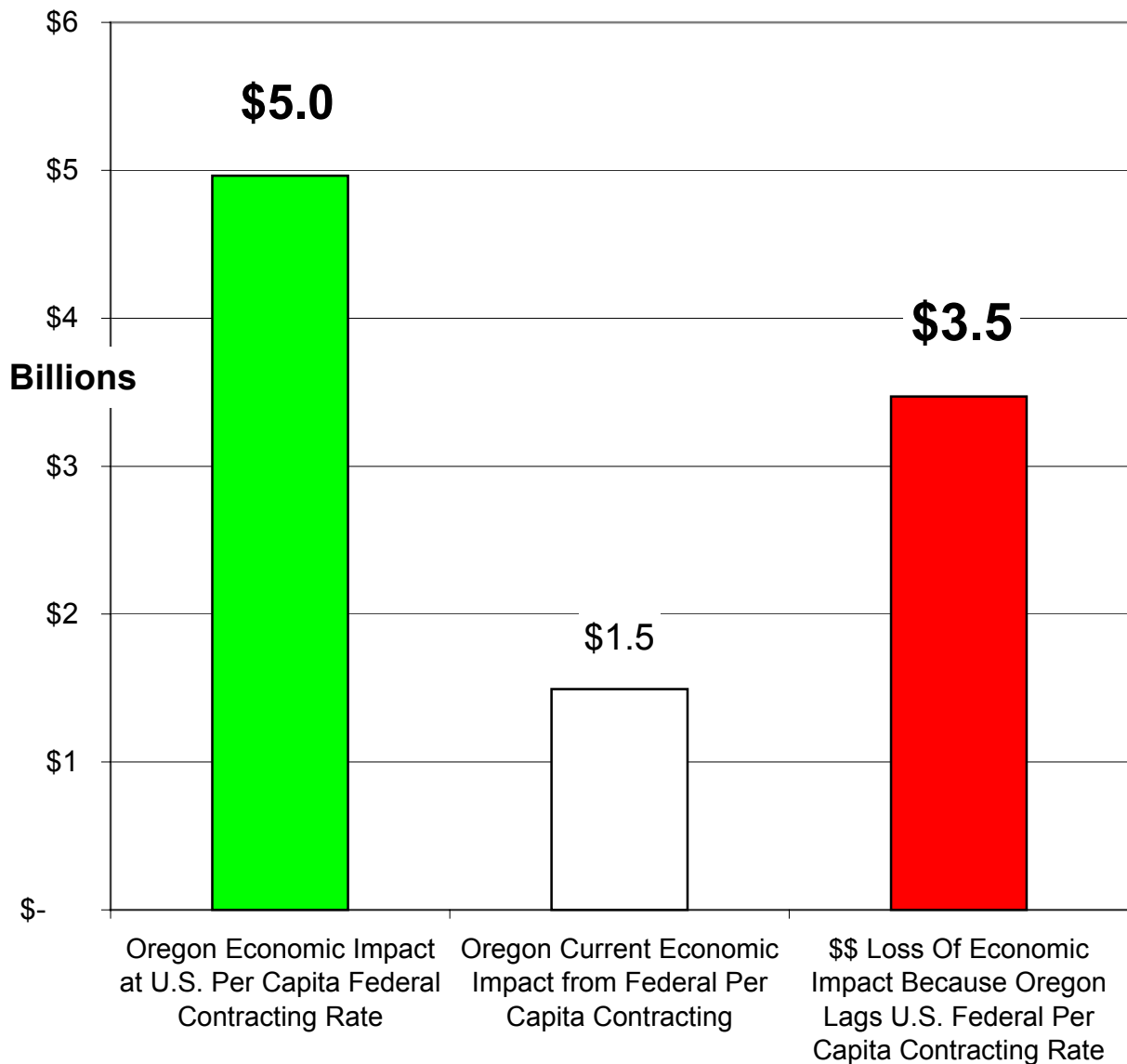
References:

1. Oregon HUD Office Analysis of Federal Contracting data found in Consolidated Federal Funding Report (CFFR) 2002, available from Census Web site at:
<http://www.census.gov/prod/2003pubs/cffr02.pdf>
2. The \$3.1 billion estimates uses a 1.5 income multiplier, substantially below the 1.8 income multiplier used (page 3) in a Brookings Institution report on the impact of federal contracting in the Washington Capital Region, *Federal Spending Saves Region from Recession*.
3. Job projections are based on an underlying calculation found in the Brookings report (page 5) that one job is created per slightly more than \$45,000 in federal contract outlays.
The Brookings report is available on the web at:
<http://www.brookings.edu/dybdocroot/es/urban/gwrp/publinks/2002/procurementFY01.pdf> .

(Contact Tom_Cusack@hud.gov for questions about this summary).

**Ranking 49th in Federal Contract \$\$ Per Capita
Hurts Oregon's Economy
With Oregon's Economy Losing Nearly
\$3.5 Billion in Economic Impact**

**Because It's Federal Contracting Dollars Per Capita
Are 2/3rds Below the U.S. Average**



**In Addition to Adverse Economic Impacts, Failure to Reach
U.S. Average Rates of Per Capita Federal Contracting Means
a Projected 50,000 Fewer Jobs
Exist In Oregon's Businesses**

**Because Oregon's Federal Procurement \$\$ Per Capita is 2/3rd Below the National Rate ,
Not Only Does Oregon Lose \$3.5 Billion in Annual Economic Output, but Oregon
Businesses Lose a Projected 50,000 Jobs**

Measure	Outlay	Output ^{1.}	Jobs	Earnings
Washington Capital Region	\$ 28,410,000,000	\$ 51,210,000,000	621,600	\$ 17,001,000,000
Oregon Actual	\$ 994,351,987	\$ 1,491,527,981	21,756	595,036,189
Oregon If At National Per Capita Rate	\$ 3,308,988,919	\$ 4,963,483,378	72,399	1,980,152,081
Oregon Loss Because of Failure to Reach National Per Capita Rate	\$ (2,314,636,932)	\$ (3,471,955,398)	(50,643)	\$ (1,385,115,892)

1. Oregon output was calculated at a conservative multiplier factor of 1.5, instead of 1.8 used in a study of federal contracting in the National Capital Region. Calculations for Jobs and Earnings were at same ratio of outlays as used in that study. (The study *Federal Spending Saves Region from Recession* was published by the .Brookings Institution and is available on the web at: <http://www.brookings.edu/dybdocroot/es/urban/gwrp/publinks/2002/procurementFY01.pdf>).

**Contracting for Defense Agencies is a KEY But NOT the Only
Source of Oregon's Federal Contracting Gap**

